

PROPOSED

HOUSE OF REPRESENTATIVES AMENDMENTS TO H.B. 2469

(Reference to printed bill)

1 Strike everything after the enacting clause and insert:

2 "Section 1. Section 15-103, Arizona Revised Statutes, is amended
3 effective from and after June 30, 2008, to read:

4 15-103. School districts; financial mismanagement; intervention;
5 violation; classification; definitions

6 A. The state board of education shall review allegations of school
7 district insolvency and gross mismanagement. The state board shall give the
8 school district an opportunity to respond to these allegations at a public
9 meeting. If the state board determines that the school district is insolvent
10 or has grossly mismanaged its finances, the state board shall appoint a
11 receiver for that school district.

12 B. The state board shall find a school district insolvent if it finds
13 one or more of the following:

14 1. The school district is unable to pay debts as they fall due or in
15 the usual course of business.

16 2. The salaries of any teachers or other employees have remained
17 unpaid for forty-five days.

18 3. The tuition due another school district or other state institution
19 remains unpaid on or after January 1 of the year following the school year it
20 was due and there is no dispute regarding the validity or amount of the
21 claim.

22 4. The school district has defaulted in payment of its bonds or
23 interest on bonds or in payment of rentals due any state or federal authority

1 or private business for a period of sixty calendar days and no action has
2 been initiated within that period of time to make payment.

3 5. The school district has contracted for any loan not authorized by
4 law.

5 6. The school district has accumulated and has operated with a deficit
6 equal to five per cent or more of the school district's revenue control limit
7 for any fiscal year within the past two fiscal years OR THE CONDITIONS
8 PRESCRIBED IN SECTION 15-107 HAVE OCCURRED.

9 7. The school district's warrants have not been honored for payment by
10 the school district's servicing bank or by the county treasurer and the
11 warrants have remained unpaid for a period of more than sixty calendar days.

12 C. No school district shall be deemed to be insolvent pursuant to
13 subsection B of this section if the circumstances are the result of the
14 failure of the state to make any payments of monies due the school district
15 at the time payment is due.

16 D. The state board of education shall have jurisdiction over all
17 petitions requesting that a school district be placed in receivership and a
18 receiver be appointed because of the school district's alleged insolvency or
19 gross mismanagement. The state board shall have the burden of demonstrating
20 by a preponderance of the evidence that the school district is insolvent or
21 is engaged in gross mismanagement.

22 E. If the state board of education finds that the school district is
23 insolvent or has engaged in gross mismanagement, the state board shall place
24 the school district in receivership and appoint a receiver recommended by the
25 state board. The state board shall develop and adopt a list of qualified
26 receivers to be appointed by the board.

27 F. On appointment, the receiver MAY PERFORM ANY OF THE ACTIONS
28 PRESCRIBED IN PARAGRAPHS 1 THROUGH 11 OF THIS SUBSECTION AND shall begin a
29 full review and investigation of the school district's financial affairs and
30 submit to the state board of education a detailed report listing the findings
31 of that investigation that shall include a financial improvement plan and
32 budget that details how the school district will eliminate any continued

1 gross financial mismanagement and achieve financial solvency. The plan shall
2 include a proposed timeline for achieving financial solvency. The receiver
3 shall submit the report within one hundred twenty days after the receiver's
4 appointment. The financial improvement plan approved by the state board of
5 education may authorize the receiver to do any of the following:

6 1. Override any decisions of the school district's governing board or
7 the school district superintendent, or both, concerning the management and
8 operation of the school district, and initiate and make decisions concerning
9 the management and operation of the school district.

10 2. Attend any and all meetings of the school district's governing
11 board and administrative staff.

12 3. Supervise the day-to-day activities of the school district's staff,
13 including reassigning the duties and responsibilities of personnel in a
14 manner that, in the determination of the receiver, best suits the needs of
15 the school district.

16 4. Place on extended leave, suspend or terminate for cause the school
17 district's superintendent or chief financial officer, or both. A person
18 terminated pursuant to this paragraph may appeal the receiver's decision to
19 the state board of education if an appeal is filed with the state board
20 within thirty days of receiving notice of the termination.

21 5. Authorize pupils to transfer from schools operated by the school
22 district to schools operated by another school district that is not currently
23 in receivership.

24 6. Appoint a chief educational officer who shall possess the powers
25 and duties of a school district superintendent. A chief educational officer
26 who is appointed pursuant to this paragraph shall hold a valid administrative
27 certificate.

28 7. Appoint a chief fiscal officer who shall possess the powers and
29 duties of the school district's chief school business official and any other
30 duties regarding budgeting, accounting and other financial matters that are
31 assigned to the school district by law.

1 8. Appoint a competent independent public accountant to audit the
2 accounts of the school district.

3 9. Reorganize the school district's financial accounts, management and
4 budgetary systems to improve financial responsibility and reduce financial
5 inefficiency within the district.

6 10. Establish school district fiscal guidelines and a system of
7 internal controls, including internal administrative controls and internal
8 accounting controls, with provisions for internal audits.

9 11. Cancel or renegotiate any contract, other than contracts of
10 certificated teachers who have been employed by the school district in the
11 capacity of a certificated teacher for more than one year immediately before
12 the date the receiver was appointed, to which the governing board or the
13 school district is a party if the cancellation or renegotiation of the
14 contract will produce needed economies in the operation of the district's
15 schools. The receiver may refuse to reemploy any certificated teacher who
16 has not been employed by the school district for more than the major portion
17 of three consecutive school years as provided in section 15-536.

18 G. The receiver's power, authority and duties shall be effective on
19 the date of the receiver's appointment by the state board of education. The
20 receiver shall perform the receiver's duties according to the instructions of
21 the state board of education order and according to law. The receiver shall
22 promptly report any violations of law, including a violation of the uniform
23 system of financial records, to the state board of education.

24 H. On review and approval of the state board of education, the
25 receiver shall take all necessary steps to implement the financial
26 improvement plan and budget utilizing those powers identified in the plan as
27 prescribed in subsection F of this section.

28 I. The salary and benefits of the receiver and any officers or
29 employees appointed by the receiver shall be paid by the school
30 district. The state board of education shall determine the salary for the
31 receiver and any officers or employees appointed by the receiver based on
32 amounts recommended by the state board.

1 J. The state board of education shall remove the school district from
2 receivership and dismiss the receiver and dismiss any officer or employee
3 appointed by the receiver thirty days after all of the following have
4 occurred:

5 1. The auditor general certifies that the school district has been
6 financially solvent for one fiscal year.

7 2. The auditor general certifies that the school district's financial
8 records are in compliance with the uniform system of financial records and
9 generally accepted accounting principles.

10 3. The receiver certifies that the school district is no longer
11 engaged in gross mismanagement.

12 4. The state board of education has determined that the school
13 district is able to pay its debts as those debts become due.

14 K. BEGINNING NINETY DAYS AFTER THE SUBMISSION OF THE FIRST REPORT
15 PRESCRIBED IN SUBSECTION F OF THIS SECTION, the receiver shall submit a
16 quarterly progress report to the state board of education. ~~The first~~
17 ~~progress report is due on the three month anniversary of the receiver's~~
18 ~~appointment by the state board.~~ THE STATE BOARD OF EDUCATION SHALL REVIEW
19 THE EXPENSES AND COSTS OF THE RECEIVER AT LEAST ONCE EACH CALENDAR QUARTER.

20 L. The state board of education shall formally review the receiver's
21 progress every six months. If, based on the quarterly progress reports, the
22 state board determines that the receiver's progress is insufficient, the
23 state board may remove the current receiver and appoint another receiver for
24 the school district.

25 M. The state board of education may dismiss the receiver for cause or
26 on a majority vote of no confidence in the receiver of the state board.

27 N. The school district shall indemnify the receiver and any officer or
28 employee appointed by the receiver who is made or threatened to be made a
29 party to any litigation by reason of their status under this section if the
30 receiver, officer or employee acted in good faith and in a manner that the
31 receiver, officer or employee reasonably believed to be consistent with the

1 best interest of the school district and if the receiver, officer or employee
2 had no reasonable cause to believe that the conduct was unlawful.

3 O. During the period of time that the school district is in
4 receivership, no member, officer, employee or agent of the school district
5 may enter into any contract or incur any liability on behalf of the school
6 district for any purpose if the amount of the contract or liability exceeds
7 the receiver's authorized financial plan and budget for the school
8 district. The receiver may discipline, including, if warranted, imposing a
9 suspension from duty without pay, removal from office or termination of, any
10 school district employee or officer who violates this subsection.

11 P. This section does not create a private cause of action against the
12 school district or its officers, directors, board members or employees.

13 Q. The assumption of control of the school district by the receiver
14 shall in no way interfere with the election or reelection of school district
15 governing board members.

16 R. This section shall not interfere with a school district's ability
17 to declare bankruptcy under federal law.

18 S. The state board of education shall continue to monitor and offer
19 technical assistance to a school district for two years after its removal
20 from receivership.

21 T. A PERSON WHO THREATENS OR KNOWINGLY CAUSES PHYSICAL HARM TO A
22 RECEIVER APPOINTED PURSUANT TO THIS SECTION OR SECTION 15-107 WHILE THE
23 RECEIVER IS ENGAGED IN THE PERFORMANCE OF THE RECEIVER'S DUTIES IS GUILTY OF
24 A CLASS 3 MISDEMEANOR.

25 ~~T.~~ U. For the purposes of this section:

26 ~~1. "Delinquent debt" means debts or liability unpaid by the school~~
27 ~~district for a period of more than sixty days from the time of notice.~~

28 ~~2.~~ 1. "Gross mismanagement" means that the school district's officers
29 or employees committed or engaged in gross incompetence or systemic and
30 egregious mismanagement of the school district's finances or financial
31 records.

1 ~~3.~~ 2. "Notice" means written notice personally served or delivered by
2 certified mail, return receipt requested.

3 ~~4.~~ 3. "Receiver" means an individual appointed by the state board of
4 education from the persons recommended by the state board for the purpose of
5 managing a school district placed in receivership by the state board of
6 education.

7 ~~5.~~ 4. "Receivership" means the state or condition of being under the
8 control of the receiver appointed by the state board of education.

9 ~~6.~~ 5. "Superintendent" means the chief executive officer of the
10 school district.

11 Sec. 2. Title 15, chapter 1, article 1, Arizona Revised Statutes, is
12 amended by adding section 15-107 effective from and after June 30, 2008, to
13 read:

14 15-107. School district overexpenditures; fiscal crisis teams;
15 quarterly progress reports; fiscal management report;
16 annual report; actions resulting from
17 overexpenditures; professional development; definition

18 A. A COUNTY SCHOOL SUPERINTENDENT SHALL PROVIDE WRITTEN NOTICE TO THE
19 DEPARTMENT OF EDUCATION, IF, IN THE COUNTY SCHOOL SUPERINTENDENT'S JUDGMENT,
20 A SCHOOL DISTRICT HAS COMMITTED AN OVEREXPENDITURE UNDER THIS SECTION.
21 PURSUANT TO SECTION 15-304, A WARRANT SHALL NOT BE DRAWN BY A COUNTY SCHOOL
22 SUPERINTENDENT FOR AN EXPENDITURE THAT IS IN EXCESS OF THE AMOUNT BUDGETED
23 AND THAT HAS NOT BEEN PREVIOUSLY EXPENDED.

24 B. EXCEPT AS PROVIDED IN SUBSECTION C OF THIS SECTION, THE DEPARTMENT
25 OF EDUCATION SHALL MONITOR THE SCHOOL DISTRICT AND PROVIDE TECHNICAL
26 ASSISTANCE TO THE SCHOOL DISTRICT AND TO THE COUNTY SCHOOL SUPERINTENDENT TO
27 RESOLVE THE OVEREXPENDITURE.

28 C. IF THE DEPARTMENT OF EDUCATION DETERMINES THAT THE SCHOOL DISTRICT
29 HAS FAILED TO TAKE APPROPRIATE ACTION TO RESOLVE THE OVEREXPENDITURE OR THAT
30 THE ORIGINAL NOTICE OF OVEREXPENDITURE PURSUANT TO SUBSECTION A OF THIS
31 SECTION CONSTITUTES AN OVEREXPENDITURE THAT WILL CAUSE THE SCHOOL DISTRICT'S
32 OVERALL EXPENDITURES TO EXCEED THE SCHOOL DISTRICT'S GENERAL BUDGET LIMIT,

1 UNRESTRICTED CAPITAL BUDGET LIMIT OR SOFT CAPITAL ALLOCATION LIMIT BY FIFTY
2 THOUSAND DOLLARS OR ONE-HALF OF ONE PER CENT, WHICHEVER IS LESS, THE
3 DEPARTMENT SHALL REQUEST THAT THE MATTER BE PLACED ON THE AGENDA OF A MEETING
4 OF THE STATE BOARD OF EDUCATION FOR ACTION PURSUANT TO THE SECTION.

5 D. AT THE REQUEST OF THE DEPARTMENT OF EDUCATION, THE STATE BOARD OF
6 EDUCATION SHALL CALL A PUBLIC MEETING TO CONSIDER OVEREXPENDITURES BY ANY
7 SCHOOL DISTRICT. THE STATE BOARD OF EDUCATION SHALL REQUIRE THE
8 SUPERINTENDENT OF THE SCHOOL DISTRICT AND ANY OTHER SCHOOL DISTRICT PERSONNEL
9 WHO MAY HAVE INFORMATION RELEVANT TO THE OVEREXPENDITURE TO APPEAR BEFORE THE
10 STATE BOARD OF EDUCATION. AFTER TESTIMONY FROM ALL INTERESTED PARTIES, THE
11 STATE BOARD OF EDUCATION SHALL TAKE ONE OF THE FOLLOWING ACTIONS:

12 1. REQUIRE THE DEPARTMENT OF EDUCATION TO MONITOR THE EXPENDITURES OF
13 THE SCHOOL DISTRICT.

14 2. DIRECT THE DEPARTMENT OF EDUCATION TO CONTRACT WITH A LEVEL ONE
15 FISCAL CRISIS TEAM. THE LEVEL ONE FISCAL CRISIS TEAM SHALL PROVIDE ON-SITE
16 OVERSIGHT AND OFF-SITE MONITORING FOR THE SCHOOL DISTRICT FOR NO LONGER THAN
17 TWELVE MONTHS AND SHALL ADVISE THE SCHOOL DISTRICT ON ALL FINANCIAL ISSUES
18 AND PROFESSIONAL DEVELOPMENT TRAINING RELATED TO FINANCIAL ISSUES.

19 3. DIRECT THE DEPARTMENT OF EDUCATION TO CONTRACT WITH A LEVEL TWO
20 FISCAL CRISIS TEAM. THE LEVEL TWO FISCAL CRISIS TEAM SHALL PROVIDE ON-SITE
21 OVERSIGHT AND OFF-SITE MONITORING FOR THE SCHOOL DISTRICT FOR NO LONGER THAN
22 TWENTY-FOUR MONTHS, SHALL HAVE THE AUTHORITY PRESCRIBED FOR LEVEL ONE FISCAL
23 CRISIS TEAMS AND MAY OVERRIDE ANY FINANCIAL ACT OR DECISION OF THE SCHOOL
24 DISTRICT, INCLUDING EXPENDITURES.

25 4. APPOINT A RECEIVER WHO, SUBJECT TO THE DISCRETION OF THE STATE
26 BOARD OF EDUCATION, MAY TAKE ANY ACTIONS PRESCRIBED IN SECTION 15-103,
27 SUBSECTION F.

28 E. THE LEVEL ONE AND LEVEL TWO FISCAL CRISIS TEAMS SHALL BE COMPOSED
29 OF AT LEAST ONE PERSON WHO HAS EXPERTISE IN SCHOOL FINANCE AND MAY INCLUDE
30 CURRENT OR FORMER SCHOOL DISTRICT FINANCIAL OFFICERS, CURRENT OR FORMER
31 SCHOOL DISTRICT BUSINESS MANAGERS, CERTIFIED PUBLIC ACCOUNTANTS AND CURRENT
32 OR FORMER SCHOOL DISTRICT SUPERINTENDENTS. THE FISCAL CRISIS TEAMS SHALL NOT

1 INCLUDE EMPLOYEES OF THE STATE BOARD OF EDUCATION OR THE DEPARTMENT OF
2 EDUCATION.

3 F. THE EXPENSES INCURRED BY A FISCAL CRISIS TEAM OR BY A RECEIVER
4 APPOINTED PURSUANT TO THIS SECTION SHALL BE PAID BY THE SCHOOL DISTRICT.

5 G. BEGINNING NINETY DAYS AFTER SUBMITTING THE FISCAL MANAGEMENT REPORT
6 PRESCRIBED IN SUBSECTION H OF THIS SECTION, THE FISCAL CRISIS TEAM OR
7 RECEIVER APPOINTED PURSUANT TO THIS SECTION SHALL SUBMIT A DETAILED WRITTEN
8 QUARTERLY PROGRESS REPORT TO THE STATE BOARD OF EDUCATION THAT INCLUDES ALL
9 OF THE FOLLOWING:

10 1. THE RESULTS OF THE REVIEW OF THE SCHOOL DISTRICT'S FINANCES,
11 INCLUDING EXPENDITURES.

12 2. THE RECOMMENDATIONS AND DECISIONS MADE BY THE FISCAL CRISIS TEAM OR
13 THE RECEIVER APPOINTED PURSUANT TO THIS SECTION.

14 3. THE STATUS OF THE FISCAL MANAGEMENT PLAN DESCRIBED PURSUANT TO IN
15 SUBSECTION H OF THIS SECTION.

16 4. RECOMMENDATIONS TO THE STATE BOARD OF EDUCATION ON THE CONTENT OF
17 PROFESSIONAL DEVELOPMENT TRAINING RELATED TO OVEREXPENDITURES.

18 5. ANY RECOMMENDATIONS OF POTENTIAL ACTION TO BE TAKEN CONCERNING
19 PROFESSIONAL CERTIFICATES ISSUED TO SCHOOL DISTRICT PERSONNEL BY THE STATE
20 BOARD OF EDUCATION OR THE DEPARTMENT OF EDUCATION. THE STATE BOARD OF
21 EDUCATION SHALL REVIEW THE RECOMMENDATIONS SUBMITTED PURSUANT TO THIS
22 PARAGRAPH AND SHALL TAKE APPROPRIATE ACTION.

23 H. AFTER APPOINTMENT, THE FISCAL CRISIS TEAM OR THE RECEIVER APPOINTED
24 PURSUANT TO THIS SECTION SHALL REVIEW THE FINANCIAL AFFAIRS OF THE SCHOOL
25 DISTRICT AND MAY WORK WITH SCHOOL FINANCE PERSONNEL AT THE DEPARTMENT OF
26 EDUCATION TO ENSURE THAT THE FINANCES OF THE SCHOOL DISTRICT ARE IN
27 COMPLIANCE WITH THE LAWS OF THIS STATE. A SCHOOL DISTRICT THAT HAS BEEN
28 ASSIGNED A FISCAL CRISIS TEAM OR A RECEIVER PURSUANT TO THIS SECTION SHALL
29 SUBMIT, IN CONSULTATION WITH THE RECEIVER OR THE FISCAL CRISIS TEAM, A FISCAL
30 MANAGEMENT REPORT TO THE STATE BOARD OF EDUCATION WITHIN ONE HUNDRED TWENTY
31 DAYS AFTER THE DATE THAT THE STATE BOARD OF EDUCATION APPOINTED THE RECEIVER

1 OR THE FISCAL CRISIS TEAM. THE FISCAL MANAGEMENT REPORT SHALL INCLUDE THE
2 FOLLOWING:

3 1. A DESCRIPTION OF THE FISCAL MANAGEMENT PLAN THAT HAS BEEN
4 IMPLEMENTED TO CORRECT THE OVEREXPENDITURE, INCLUDING THE FOLLOWING:

5 (a) THE MANNER IN WHICH THE FISCAL MANAGEMENT PLAN WILL ADDRESS THE
6 FINDINGS AND RECOMMENDATIONS OF THE FISCAL CRISIS TEAM.

7 (b) A TIMELINE FOR COMPLETE RESOLUTION OF THE OVEREXPENDITURE.

8 (c) A DETAILED EXPLANATION OF THE METHODS AND PROCEDURES THAT WILL BE
9 IMPLEMENTED TO PREVENT FUTURE OVEREXPENDITURES.

10 (d) THE IDENTIFICATION OF ANY ISSUES THAT NEED TO BE RESOLVED BEFORE
11 THE FISCAL MANAGEMENT PLAN MAY BE FULLY IMPLEMENTED.

12 (e) THE IDENTIFICATION OF ANY LONG-TERM ISSUES RESULTING FROM THE
13 OVEREXPENDITURE THAT WILL EXTEND TO FUTURE FISCAL YEARS.

14 2. A DESCRIPTION OF THE MANNER IN WHICH THE FISCAL MANAGEMENT PLAN WAS
15 DEVELOPED, INCLUDING IDENTIFICATION OF THE ROLE OF THE FISCAL CRISIS TEAM OR
16 THE RECEIVER, THE ROLE OF THE SCHOOL DISTRICT GOVERNING BOARD AND THE ROLE OF
17 THE ADMINISTRATORS OF THE SCHOOL DISTRICT.

18 1. ON OR BEFORE DECEMBER 31, THE STATE BOARD OF EDUCATION SHALL SUBMIT
19 AN ANNUAL REPORT TO THE GOVERNOR, THE SPEAKER OF THE HOUSE OF REPRESENTATIVES
20 AND THE PRESIDENT OF THE SENATE. THE STATE BOARD SHALL PROVIDE A COPY OF
21 THIS REPORT TO THE SECRETARY OF STATE AND THE DIRECTOR OF THE ARIZONA STATE
22 LIBRARY, ARCHIVES AND PUBLIC RECORDS. THE ANNUAL REPORT SHALL INCLUDE THE
23 FOLLOWING:

24 1. A SUMMARIZED COMPILATION OF THE FISCAL MANAGEMENT REPORTS SUBMITTED
25 BY SCHOOL DISTRICTS PURSUANT TO SUBSECTION H OF THIS SECTION.

26 2. THE ACTIONS TAKEN BY THE STATE BOARD OF EDUCATION, THE DEPARTMENT
27 OF EDUCATION, SCHOOL DISTRICTS, FISCAL CRISIS TEAMS AND RECEIVERS DURING THE
28 MOST RECENTLY COMPLETED FISCAL YEAR.

29 3. RECOMMENDATIONS REGARDING IMPROVEMENTS TO THE LAW'S OF THIS STATE
30 OR TO ADMINISTRATIVE ACTIONS REQUIRED UNDER THE LAWS OF THIS STATE.

1 J. A SCHOOL DISTRICT THAT IS ASSIGNED A LEVEL TWO FISCAL CRISIS TEAM
2 OR A RECEIVER PURSUANT TO THIS SECTION SHALL REQUIRE PROFESSIONAL DEVELOPMENT
3 TRAINING FOR SCHOOL DISTRICT GOVERNING BOARD MEMBERS AND APPROPRIATE
4 ADMINISTRATIVE PERSONNEL OF THE SCHOOL DISTRICT, INCLUDING THE SCHOOL
5 DISTRICT SUPERINTENDENT, WHO ARE INVOLVED IN DISTRICT FINANCES AND BUDGETING,
6 AS DETERMINED BY THE LEVEL TWO FISCAL CRISIS TEAM OR BY THE RECEIVER. THE
7 PROFESSIONAL DEVELOPMENT TRAINING SHALL BE SELECTED FROM A LIST APPROVED BY
8 THE STATE BOARD OF EDUCATION AND THE COST OF THE PROFESSIONAL DEVELOPMENT
9 TRAINING SHALL BE PAID BY THE SCHOOL DISTRICT. GOVERNING BOARD MEMBERS AND
10 DISTRICT ADMINISTRATIVE PERSONNEL SHALL COMPLETE AT LEAST TWELVE HOURS OF
11 PROFESSIONAL DEVELOPMENT TRAINING WITHIN ONE HUNDRED TWENTY DAYS AFTER THE
12 ASSIGNMENT OF A LEVEL TWO FISCAL CRISIS TEAM OR THE APPOINTMENT OF A
13 RECEIVER. THE FISCAL CRISIS TEAM OR THE RECEIVER SHALL REPORT TO THE STATE
14 BOARD OF EDUCATION WHETHER THE PROFESSIONAL DEVELOPMENT TRAINING REQUIREMENTS
15 PRESCRIBED IN THIS SUBSECTION HAVE BEEN MET.

16 K. A SCHOOL DISTRICT GOVERNING BOARD MEMBER WHO FAILS TO COMPLETE THE
17 PROFESSIONAL DEVELOPMENT TRAINING WITHIN THE TIME PRESCRIBED IN SUBSECTION J
18 OF THIS SECTION IS GUILTY OF MALFEASANCE OFFICE, AND THE STATE BOARD OF
19 EDUCATION SHALL FORWARD A COMPLAINT TO THE ATTORNEY GENERAL. THE ATTORNEY
20 GENERAL MAY BRING AN ACTION IN SUPERIOR COURT AGAINST A SCHOOL DISTRICT
21 GOVERNING BOARD MEMBER FOR FAILURE TO COMPLY WITH THE PROFESSIONAL
22 DEVELOPMENT TRAINING REQUIREMENTS PRESCRIBED IN SUBSECTION J OF THIS SECTION.
23 IF A COURT DETERMINES THAT A SCHOOL DISTRICT GOVERNING BOARD MEMBER FAILED TO
24 COMPLY WITH THE PROFESSIONAL DEVELOPMENT TRAINING REQUIREMENTS PRESCRIBED IN
25 SUBSECTION J OF THIS SECTION, THE COURT SHALL ISSUE AN ORDER REMOVING THE
26 SCHOOL DISTRICT GOVERNING BOARD MEMBER FROM OFFICE. ANY VACANCY IN THE
27 OFFICE OF SCHOOL DISTRICT GOVERNING BOARD AS A RESULT OF A COURT ORDER ISSUED
28 PURSUANT TO THIS SUBSECTION SHALL BE FILLED IN THE MANNER PROVIDED BY LAW.

29 L. IF ANY OF THE ADMINISTRATIVE PERSONNEL OF THE SCHOOL DISTRICT FAIL
30 TO COMPLETE THE PROFESSIONAL DEVELOPMENT TRAINING WITHIN THE TIME PRESCRIBED
31 IN SUBSECTION J OF THIS SECTION, THE STATE BOARD OF EDUCATION MAY TAKE
32 APPROPRIATE ACTION CONCERNING CURRENT CERTIFICATES HELD BY THAT PERSON.

1 M. THE STATE BOARD OF EDUCATION SHALL REVIEW THE EXPENSES AND COSTS OF
2 EACH FISCAL CRISIS TEAM AT LEAST ONCE EACH CALENDAR QUARTER.

3 N. FOR THE PURPOSES OF THIS SECTION, "OVEREXPENDITURE" MEANS AN
4 EXPENDITURE IN EXCESS OF ANY OF THE FOLLOWING:

- 5 1. THE GENERAL BUDGET LIMIT OF THE SCHOOL DISTRICT.
- 6 2. THE UNRESTRICTED CAPITAL BUDGET LIMIT OF THE SCHOOL DISTRICT.
- 7 3. THE SOFT CAPITAL ALLOCATION LIMIT OF THE SCHOOL DISTRICT.

8 Sec. 3. Section 15-203, Arizona Revised Statutes, is amended effective
9 from and after June 30, 2008, to read:

10 15-203. Powers and duties

11 A. The state board of education shall:

12 1. Exercise general supervision over and regulate the conduct of the
13 public school system and adopt any rules and policies it deems necessary to
14 accomplish this purpose.

15 2. Keep a record of its proceedings.

16 3. Make rules for its own government.

17 4. Determine the policy and work undertaken by it.

18 5. Appoint its employees, on the recommendation of the superintendent
19 of public instruction.

20 6. Prescribe the duties of its employees if not prescribed by statute.

21 7. Delegate to the superintendent of public instruction the execution
22 of board policies and rules.

23 8. Recommend to the legislature changes or additions to the statutes
24 pertaining to schools.

25 9. Prepare, publish and distribute reports concerning the educational
26 welfare of this state.

27 10. Prepare a budget for expenditures necessary for proper maintenance
28 of the board and accomplishment of its purposes and present the budget to the
29 legislature.

30 11. Aid in the enforcement of laws relating to schools.

1 12. Prescribe a minimum course of study in the common schools, minimum
2 competency requirements for the promotion of pupils from the third grade and
3 minimum course of study and competency requirements for the promotion of
4 pupils from the eighth grade. The state board of education shall prepare a
5 fiscal impact statement of any proposed changes to the minimum course of
6 study or competency requirements and, on completion, shall send a copy to the
7 director of the joint legislative budget committee and the executive director
8 of the school facilities board. The state board of education shall not adopt
9 any changes in the minimum course of study or competency requirements in
10 effect on July 1, 1998 that will have a fiscal impact on school capital
11 costs.

12 13. Prescribe minimum course of study and competency requirements for
13 the graduation of pupils from high school. The state board of education
14 shall prepare a fiscal impact statement of any proposed changes to the
15 minimum course of study or competency requirements and, on completion, shall
16 send a copy to the director of the joint legislative budget committee and the
17 executive director of the school facilities board. The state board of
18 education shall not adopt any changes in the minimum course of study or
19 competency requirements in effect on July 1, 1998 that will have a fiscal
20 impact on school capital costs.

21 14. Supervise and control the certification of persons engaged in
22 instructional work directly as any classroom, laboratory or other teacher or
23 indirectly as a supervisory teacher, speech therapist, principal or
24 superintendent in a school district, including school district preschool
25 programs, or any other educational institution below the community college,
26 college or university level, and prescribe rules for certification, including
27 rules for certification of teachers who have teaching experience and who are
28 trained in other states, which are not unnecessarily restrictive and are
29 substantially similar to the rules prescribed for the certification of
30 teachers trained in this state. The rules shall require applicants for all
31 certificates for common school instruction to complete a minimum of
32 forty-five classroom hours or three college level credit hours, or the

1 equivalent, of training in research based systematic phonics instruction from
2 a public or private provider. The rules shall not require a teacher to
3 obtain a master's degree or to take any additional graduate courses as a
4 condition of certification or recertification. The rules shall allow a
5 general equivalency diploma to be substituted for a high school diploma in
6 the certification of emergency substitute teachers.

7 15. Adopt a list of approved tests for determining special education
8 assistance to gifted pupils as defined in and as provided in chapter 7,
9 article 4.1 of this title. The adopted tests shall provide separate scores
10 for quantitative reasoning, verbal reasoning and nonverbal reasoning and
11 shall be capable of providing reliable and valid scores at the highest ranges
12 of the score distribution.

13 16. Adopt rules governing the methods for the administration of all
14 proficiency examinations.

15 17. Adopt proficiency examinations for its use. The state board of
16 education shall determine the passing score for the proficiency examination.

17 18. Include within its budget the cost of contracting for the purchase,
18 distribution and scoring of the examinations as provided in paragraphs 16 and
19 17 of this subsection.

20 19. Supervise and control the qualifications of professional
21 nonteaching school personnel and prescribe standards relating to
22 qualifications.

23 20. Impose such disciplinary action, including the issuance of a letter
24 of censure, suspension, suspension with conditions or revocation of a
25 certificate, upon a finding of immoral or unprofessional conduct.

26 21. Establish an assessment, data gathering and reporting system for
27 pupil performance as prescribed in chapter 7, article 3 of this title.

28 22. Adopt a rule to promote braille literacy pursuant to section
29 15-214.

1 23. Adopt rules prescribing procedures for the investigation by the
2 department of education of every written complaint alleging that a
3 certificated person has engaged in immoral conduct.

4 24. For purposes of federal law, serve as the state board for
5 vocational and technological education and meet at least four times each year
6 solely to execute the powers and duties of the state board for vocational and
7 technological education.

8 25. Develop and maintain a handbook for use in the schools of this
9 state that provides guidance for the teaching of moral, civic and ethical
10 education. The handbook shall promote existing curriculum frameworks and
11 shall encourage school districts to recognize moral, civic and ethical values
12 within instructional and programmatic educational development programs for
13 the general purpose of instilling character and ethical principles in pupils
14 in kindergarten programs and grades one through twelve.

15 26. Require pupils to recite the following passage from the declaration
16 of independence for pupils in grades four through six at the commencement of
17 the first class of the day in the schools, except that a pupil shall not be
18 required to participate if the pupil or the pupil's parent or guardian
19 objects:

20 We hold these truths to be self-evident, that all men are
21 created equal, that they are endowed by their creator with
22 certain unalienable rights, that among these are life, liberty
23 and the pursuit of happiness. That to secure these rights,
24 governments are instituted among men, deriving their just powers
25 from the consent of the governed. . . .

26 27. Adopt rules that provide for teacher certification reciprocity.
27 The rules shall provide for a one year reciprocal teaching certificate with
28 minimum requirements including valid teacher certification from a state with
29 substantially similar criminal history or teacher fingerprinting requirements
30 and proof of the submission of an application for a fingerprint clearance
31 card pursuant to title 41, chapter 12, article 3.1.

1 28. Adopt rules that will be in effect until December 31, 2006 and that
2 provide for the presentation of an honorary high school diploma to a person
3 who has never obtained a high school diploma and who meets each of the
4 following requirements:

5 (a) Is at least sixty-five years of age.

6 (b) Currently resides in this state.

7 (c) Provides documented evidence from the Arizona department of
8 veterans' services that the person enlisted in the armed forces of the United
9 States before completing high school in a public or private school.

10 (d) Was honorably discharged from service with the armed forces of the
11 United States.

12 29. Cooperate with the Arizona-Mexico commission in the governor's
13 office and with researchers at universities in this state to collect data and
14 conduct projects in the United States and Mexico on issues that are within
15 the scope of the duties of the department of education and that relate to
16 quality of life, trade and economic development in this state in a manner
17 that will help the Arizona-Mexico commission to assess and enhance the
18 economic competitiveness of this state and of the Arizona-Mexico region.

19 30. Adopt rules to define and provide guidance to schools as to the
20 activities that would constitute immoral or unprofessional conduct of
21 certificated persons.

22 31. Adopt guidelines to encourage pupils in grades nine, ten, eleven
23 and twelve to volunteer for twenty hours of community service before
24 graduation from high school. A school district that complies with the
25 guidelines adopted pursuant to this paragraph is not liable for damages
26 resulting from a pupil's participation in community service unless the school
27 district is found to have demonstrated wanton or reckless disregard for the
28 safety of the pupil and other participants in community service. For the
29 purposes of this paragraph, "community service" may include service learning.
30 The guidelines shall include the following:

1 (a) A list of the general categories in which community service may be
2 performed.

3 (b) A description of the methods by which community service will be
4 monitored.

5 (c) A consideration of risk assessment for community service projects.

6 (d) Orientation and notification procedures of community service
7 opportunities for pupils entering grade nine including the development of a
8 notification form. The notification form shall be signed by the pupil and
9 the pupil's parent or guardian, except that a pupil shall not be required to
10 participate in community service if the parent or guardian notifies the
11 principal of the pupil's school in writing that the parent or guardian does
12 not wish the pupil to participate in community service.

13 (e) Procedures for a pupil in grade nine to prepare a written proposal
14 that outlines the type of community service that the pupil would like to
15 perform and the goals that the pupil hopes to achieve as a result of
16 community service. The pupil's written proposal shall be reviewed by a
17 faculty advisor, a guidance counselor or any other school employee who is
18 designated as the community service program coordinator for that school. The
19 pupil may alter the written proposal at any time before performing community
20 service.

21 (f) Procedures for a faculty advisor, a guidance counselor or any
22 other school employee who is designated as the community service program
23 coordinator to evaluate and certify the completion of community service
24 performed by pupils.

25 32. To facilitate the transfer of military personnel and their
26 dependents to and from the public schools of this state, pursue, in
27 cooperation with the Arizona board of regents, reciprocity agreements with
28 other states concerning the transfer credits for military personnel and their
29 dependents. A reciprocity agreement entered into pursuant to this paragraph
30 shall:

1 (a) Address procedures for each of the following:

2 (i) The transfer of student records.

3 (ii) Awarding credit for completed course work.

4 (iii) Permitting a student to satisfy the graduation requirements
5 prescribed in section 15-701.01 through the successful performance on
6 comparable exit-level assessment instruments administered in another state.

7 (b) Include appropriate criteria developed by the state board of
8 education and the Arizona board of regents.

9 33. Adopt guidelines that school district governing boards shall use in
10 identifying pupils who are eligible for gifted programs and in providing
11 gifted education programs and services. The state board of education shall
12 adopt any other guidelines and rules that it deems necessary in order to
13 carry out the purposes of chapter 7, article 4.1 of this title.

14 34. ADOPT A LIST OF APPROVED PROFESSIONAL DEVELOPMENT TRAINING
15 PROVIDERS FOR USE BY SCHOOL DISTRICTS AS PROVIDED IN SECTION 15-107,
16 SUBSECTION J. THE PROFESSIONAL DEVELOPMENT TRAINING PROVIDERS SHALL MEET THE
17 TRAINING CURRICULUM REQUIREMENTS DETERMINED BY THE STATE BOARD OF EDUCATION
18 IN AT LEAST THE AREAS OF SCHOOL FINANCE, GOVERNANCE, EMPLOYMENT, STAFFING,
19 INVENTORY AND HUMAN RESOURCES, INTERNAL CONTROLS AND PROCUREMENT.

20 B. The state board of education may:

21 1. Contract.

22 2. Sue and be sued.

23 3. Distribute and score the tests prescribed in chapter 7, article 3
24 of this title.

25 4. Provide for an advisory committee to conduct hearings and
26 screenings to determine whether grounds exist to impose disciplinary action
27 against a certificated person, whether grounds exist to reinstate a revoked
28 or surrendered certificate and whether grounds exist to approve or deny an
29 initial application for certification or a request for renewal of a
30 certificate. The board may delegate its responsibility to conduct hearings
31 and screenings to its advisory committee. Hearings shall be conducted
32 pursuant to title 41, chapter 6, article 6.

1 5. Proceed with the disposal of any complaint requesting disciplinary
2 action or with any disciplinary action against a person holding a certificate
3 as prescribed in subsection A, paragraph 14 of this section after the
4 suspension or expiration of the certificate or surrender of the certificate
5 by the holder.

6 6. Assess costs and reasonable attorney fees against a person who
7 files a frivolous complaint or who files a complaint in bad faith. Costs
8 assessed pursuant to this paragraph shall not exceed the expenses incurred by
9 the state board in the investigation of the complaint.

10 Sec. 4. Section 15-272, Arizona Revised Statutes, is amended effective
11 from and after June 30, 2008, to read:

12 15-272. Duties of department of education for uniform system of
13 financial records

14 A. The department of education shall advise and consult with the
15 auditor general in the preparation and implementation of a uniform system of
16 financial records.

17 B. The state board of education, ~~shall upon~~ ON report from the auditor
18 general, SHALL determine whether school districts are maintaining the uniform
19 system of financial records. If the state board of education determines that
20 a school district is not in compliance with the uniform system of financial
21 records or has failed to correct a deficiency within ninety days after
22 receiving notice from the auditor general, the state board of education ~~may~~
23 SHALL direct the superintendent of public instruction to withhold ~~any~~ UP TO
24 TEN PER CENT OF THE portion of state ~~funds~~ MONIES to the school district FOR
25 EACH VIOLATION from the date of the determination until such time as the
26 auditor general reports compliance with the uniform system of financial
27 records. The auditor general and the department of education shall assist
28 the school district to achieve compliance during such period.

1 Sec. 5. Section 15-304, Arizona Revised Statutes, is amended effective
2 from and after June 30, 2008, to read:

3 15-304. Warrants; limitations; definition

4 A. The county school superintendent, on the voucher of the governing
5 board of a school district, shall draw ~~his~~ THE COUNTY SCHOOL SUPERINTENDENT'S
6 warrant on the county treasurer for all necessary expenses against the school
7 fund of the district. The warrants shall be drawn in the order in which the
8 vouchers are filed in ~~his~~ THE COUNTY SCHOOL SUPERINTENDENT'S office. A
9 warrant shall not be drawn for an expenditure from the maintenance and
10 operation, capital outlay, adjacent ways and federal and state grant funds
11 for a purpose not included in the budget of the school district or for an
12 expenditure in excess of the amount budgeted and not previously expended,
13 except for expenditures authorized by the board of supervisors as provided in
14 section 15-907. The county school superintendent shall not draw a warrant
15 for an expenditure from any school district fund except the maintenance and
16 operation, capital outlay or adjacent ways fund or federal and state grant
17 funds unless sufficient cash is available in the fund according to the
18 records of the county school superintendent. The county school
19 superintendent may only draw a warrant for an expenditure from a federal or
20 state grant fund when sufficient cash is not available in the grant fund if
21 the county treasurer maintains the two accounts as provided in section
22 15-996, paragraph 1 and if the county school superintendent determines that
23 the expenditures are included in the budget section of the approved grant
24 application.

25 B. THE COUNTY SCHOOL SUPERINTENDENT SHALL IMMEDIATELY NOTIFY THE
26 SCHOOL DISTRICT GOVERNING BOARD AND THE DEPARTMENT OF EDUCATION IN WRITING IF
27 A SCHOOL DISTRICT ATTEMPTS AN OVEREXPENDITURE AS DEFINED IN SECTION 15-107.

28 C. A COUNTY SCHOOL SUPERINTENDENT WHO FAILS TO COMPLY WITH THIS
29 SECTION IS GUILTY OF UNPROFESSIONAL CONDUCT.

1 D. THE ATTORNEY GENERAL MAY COMMENCE AN ACTION IN SUPERIOR COURT TO
2 ENFORCE THIS SECTION. IF THE COURT DETERMINES THAT A COUNTY SCHOOL
3 SUPERINTENDENT HAS VIOLATED THIS SECTION, THE COURT SHALL ISSUE AN ORDER
4 DIRECTING BOTH:

5 1. THE REMOVAL OF THE COUNTY SCHOOL SUPERINTENDENT FROM OFFICE.

6 2. THE REVOCATION OF ALL CERTIFICATES ISSUED TO THE FORMER COUNTY
7 SCHOOL SUPERINTENDENT BY THE STATE BOARD OF EDUCATION PURSUANT TO SECTION
8 15-203.

9 E. ANY VACANCY IN THE OFFICE OF THE COUNTY SCHOOL SUPERINTENDENT THAT
10 RESULTS FROM A COURT ORDER ISSUED PURSUANT TO SUBSECTION B OF THIS SECTION
11 SHALL BE FILLED IN THE MANNER PROVIDED BY LAW.

12 F. For THE purposes of this section, "voucher" means a summary cover
13 sheet and either copies of the invoices of the expenditure or a listing of
14 the invoice detail.

15 Sec. 6. Section 15-341, Arizona Revised Statutes, is amended effective
16 from and after June 30, 2008, to read:

17 15-341. General powers and duties; immunity; delegation

18 A. The governing board shall:

19 1. Prescribe and enforce policies and procedures for the governance of
20 the schools, not inconsistent with law or rules prescribed by the state board
21 of education.

22 2. Maintain the schools established by it for the attendance of each
23 pupil for a period of not less than one hundred seventy-five school days or
24 two hundred school days, as applicable, or its equivalent as approved by the
25 superintendent of public instruction for a school district operating on a
26 year-round operation basis, to offer an educational program on the basis of a
27 four day school week or to offer an alternative kindergarten program on the
28 basis of a three day school week, in each school year, and if the funds of
29 the district are sufficient, for a longer period, and as far as practicable
30 with equal rights and privileges.

31 3. Exclude from schools all books, publications, papers or audiovisual
32 materials of a sectarian, partisan or denominational character.

1 4. Manage and control the school property within its district.

2 5. Acquire school furniture, apparatus, equipment, library books and
3 supplies for the use of the schools.

4 6. Prescribe the curricula and criteria for the promotion and
5 graduation of pupils as provided in sections 15-701 and 15-701.01.

6 7. Furnish, repair and insure, at full insurable value, the school
7 property of the district.

8 8. Construct school buildings on approval by a vote of the district
9 electors.

10 9. Make in the name of the district conveyances of property belonging
11 to the district and sold by the board.

12 10. Purchase school sites when authorized by a vote of the district at
13 an election conducted as nearly as practicable in the same manner as the
14 election provided in section 15-481 and held on a date prescribed in section
15 15-491, subsection E, but such authorization shall not necessarily specify
16 the site to be purchased and such authorization shall not be necessary to
17 exchange unimproved property as provided in section 15-342, paragraph 23.

18 11. Construct, improve and furnish buildings used for school purposes
19 when such buildings or premises are leased from the national park service.

20 12. Purchase school sites or construct, improve and furnish school
21 buildings from the proceeds of the sale of school property only on approval
22 by a vote of the district electors.

23 13. Hold pupils to strict account for disorderly conduct on school
24 property.

25 14. Discipline students for disorderly conduct on the way to and from
26 school.

27 15. Except as provided in section 15-1224, deposit all monies received
28 by the district as gifts, grants and devises with the county treasurer who
29 shall credit the deposits as designated in the uniform system of financial
30 records. If not inconsistent with the terms of the gifts, grants and devises
31 given, any balance remaining after expenditures for the intended purpose of
32 the monies have been made shall be used for reduction of school district

1 taxes for the budget year, except that in the case of accommodation schools
2 the county treasurer shall carry the balance forward for use by the county
3 school superintendent for accommodation schools for the budget year.

4 16. Provide that, if a parent or legal guardian chooses not to accept a
5 decision of the teacher as provided in section 15-521, paragraph 3, the
6 parent or legal guardian may request in writing that the governing board
7 review the teacher's decision. Nothing in this paragraph shall be construed
8 to release school districts from any liability relating to a child's
9 promotion or retention.

10 17. Provide for adequate supervision over pupils in instructional and
11 noninstructional activities by certificated or noncertificated personnel.

12 18. Use school monies received from the state and county school
13 apportionment exclusively for payment of salaries of teachers and other
14 employees and contingent expenses of the district.

15 19. Make an annual report to the county school superintendent on or
16 before October 1 each year in the manner and form and on the blanks
17 prescribed by the superintendent of public instruction or county school
18 superintendent. The board shall also make reports directly to the county
19 school superintendent or the superintendent of public instruction whenever
20 required.

21 20. Deposit all monies received by school districts other than student
22 activities monies or monies from auxiliary operations as provided in sections
23 15-1125 and 15-1126 with the county treasurer to the credit of the school
24 district except as provided in paragraph 21 of this subsection and sections
25 15-1223 and 15-1224, and the board shall expend the monies as provided by law
26 for other school funds.

27 21. Establish a bank account in which the board during a month may
28 deposit miscellaneous monies received directly by the district. The board
29 shall remit monies deposited in the bank account at least monthly to the
30 county treasurer for deposit as provided in paragraph 20 of this subsection
31 and in accordance with the uniform system of financial records.

1 22. Employ an attorney admitted to practice in this state whose
2 principal practice is in the area of commercial real estate, or a real estate
3 broker who is licensed by this state and who is employed by a reputable
4 commercial real estate company, to negotiate a lease of five or more years
5 for the school district if the governing board decides to enter into a lease
6 of five or more years as lessor of school buildings or grounds as provided in
7 section 15-342, paragraph 7 or 10. Any lease of five or more years
8 negotiated pursuant to this paragraph shall provide that the lessee is
9 responsible for payment of property taxes pursuant to the requirements of
10 section 42-11104.

11 23. Prescribe and enforce policies and procedures for disciplinary
12 action against a teacher who engages in conduct that is a violation of the
13 policies of the governing board but that is not cause for dismissal of the
14 teacher or for revocation of the certificate of the teacher. Disciplinary
15 action may include suspension without pay for a period of time not to exceed
16 ten school days. Disciplinary action shall not include suspension with pay
17 or suspension without pay for a period of time longer than ten school days.
18 The procedures shall include notice, hearing and appeal provisions for
19 violations that are cause for disciplinary action. The governing board may
20 designate a person or persons to act on behalf of the board on these matters.

21 24. Prescribe and enforce policies and procedures for disciplinary
22 action against an administrator who engages in conduct that is a violation of
23 the policies of the governing board regarding duties of administrators but
24 that is not cause for dismissal of the administrator or for revocation of the
25 certificate of the administrator. Disciplinary action may include suspension
26 without pay for a period of time not to exceed ten school days. Disciplinary
27 action shall not include suspension with pay or suspension without pay for a
28 period of time longer than ten school days. The procedures shall include
29 notice, hearing and appeal provisions for violations that are cause for
30 disciplinary action. The governing board may designate a person or persons
31 to act on behalf of the board on these matters. For violations that are
32 cause for dismissal, the provisions of notice, hearing and appeal in chapter

1 5, article 3 of this title shall apply. The filing of a timely request for a
2 hearing suspends the imposition of a suspension without pay or a dismissal
3 pending completion of the hearing.

4 25. Notwithstanding section 13-3108, prescribe and enforce policies and
5 procedures that prohibit a person from carrying or possessing a weapon on
6 school grounds unless the person is a peace officer or has obtained specific
7 authorization from the school administrator.

8 26. Prescribe and enforce policies and procedures relating to the
9 health and safety of all pupils participating in district sponsored practice
10 sessions, games or other interscholastic athletic activities, including the
11 provision of water.

12 27. Prescribe and enforce policies and procedures regarding the smoking
13 of tobacco within school buildings. The policies and procedures shall be
14 adopted in consultation with school district personnel and members of the
15 community and shall state whether smoking is prohibited in school buildings.
16 If smoking in school buildings is not prohibited, the policies and procedures
17 shall clearly state the conditions and circumstances under which smoking is
18 permitted, those areas in a school building that may be designated as smoking
19 areas and those areas in a school building that may not be designated as
20 smoking areas.

21 28. Establish an assessment, data gathering and reporting system as
22 prescribed in chapter 7, article 3 of this title.

23 29. Provide special education programs and related services pursuant to
24 section 15-764, subsection A to all children with disabilities as defined in
25 section 15-761.

26 30. Administer competency tests prescribed by the state board of
27 education for the graduation of pupils from high school.

28 31. Secure insurance coverage for all construction projects for
29 purposes of general liability, property damage and workers' compensation and
30 secure performance and payment bonds for all construction projects.

31 32. Keep on file the resumes of all current and former employees who
32 provide instruction to pupils at a school. Resumes shall include an

1 individual's educational and teaching background and experience in a
2 particular academic content subject area. A school district shall inform
3 parents and guardians of the availability of the resume information and shall
4 make the resume information available for inspection on request of parents
5 and guardians of pupils enrolled at a school. Nothing in this paragraph
6 shall be construed to require any school to release personally identifiable
7 information in relation to any teacher or employee including the teacher's or
8 employee's address, salary, social security number or telephone number.

9 33. Report to local law enforcement agencies any suspected crime
10 against a person or property that is a serious offense as defined in section
11 13-604 or that involves a deadly weapon or dangerous instrument or serious
12 physical injury and any conduct that poses a threat of death or serious
13 physical injury to employees, students or anyone on the property of the
14 school. This paragraph does not limit or preclude the reporting by a school
15 district or an employee of a school district of suspected crimes other than
16 those required to be reported by this paragraph. For the purposes of this
17 paragraph, "dangerous instrument", "deadly weapon" and "serious physical
18 injury" have the same meaning MEANINGS prescribed in section 13-105.

19 34. In conjunction with local law enforcement agencies and local
20 medical facilities, develop an emergency response plan for each school in the
21 school district in accordance with minimum standards developed jointly by the
22 department of education and the division of emergency management within the
23 department of emergency and military affairs.

24 35. Annually assign at least one school district employee to
25 participate in a multihazard crisis training program developed or selected by
26 the governing board.

27 36. Provide written notice to the parents or guardians of all students
28 affected in the school district at least thirty days prior to a public
29 meeting to discuss closing a school within the school district. The notice
30 shall include the reasons for the proposed closure and the time and place of
31 the meeting. The governing board shall fix a time for a public meeting on
32 the proposed closure no less than thirty days before voting in a public

1 meeting to close the school. The school district governing board shall give
2 notice of the time and place of the meeting. At the time and place
3 designated in the notice, the school district governing board shall hear
4 reasons for or against closing the school. The school district governing
5 board is exempt from this paragraph if it is determined by the governing
6 board that the school shall be closed because it poses a danger to the health
7 or safety of the pupils or employees of the school.

8 37. Incorporate instruction on Native American history into appropriate
9 existing curricula.

10 38. Prescribe and enforce policies and procedures allowing pupils who
11 have been diagnosed with anaphylaxis by a health care provider licensed
12 pursuant to title 32, chapter 13, 14, 17 or 25 or by a registered nurse
13 practitioner licensed and certified pursuant to title 32, chapter 15 to carry
14 and self-administer emergency medications including auto-injectable
15 epinephrine while at school and at school sponsored activities. The pupil's
16 name on the prescription label on the medication container or on the
17 medication device and annual written documentation from the pupil's parent or
18 guardian to the school that authorizes possession and self-administration is
19 sufficient proof that the pupil is entitled to the possession and
20 self-administration of the medication. The policies shall require a pupil
21 who uses auto-injectable epinephrine while at school and at school sponsored
22 activities to notify the nurse or the designated school staff person of the
23 use of the medication as soon as practicable. A school district and its
24 employees are immune from civil liability with respect to all decisions made
25 and actions taken that are based on good faith implementation of the
26 requirements of this paragraph, except in cases of wanton or wilful neglect.

27 39. Allow the possession and self-administration of prescription
28 medication for breathing disorders in handheld inhaler devices, by pupils
29 who have been prescribed that medication by a health care professional
30 licensed pursuant to title 32. The pupil's name on the prescription label on
31 the medication container or on the handheld inhaler device and annual written
32 documentation from the pupil's parent or guardian to the school that

1 authorizes possession and self-administration shall be sufficient proof that
2 the pupil is entitled to the possession and self-administration of the
3 medication. A school district and its employees are immune from civil
4 liability with respect to all decisions made and actions taken that are based
5 on a good faith implementation of the requirements of this paragraph.

6 40. Prescribe and enforce policies and procedures to prohibit pupils
7 from harassing, intimidating and bullying other pupils on school grounds, on
8 school property, on school buses, at school bus stops and at school sponsored
9 events and activities that include the following components:

10 (a) A procedure for pupils to confidentially report to school
11 officials incidents of harassment, intimidation or bullying.

12 (b) A procedure for parents and guardians of pupils to submit written
13 reports to school officials of suspected incidents of harassment,
14 intimidation or bullying.

15 (c) A requirement that school district employees report suspected
16 incidents of harassment, intimidation or bullying to the appropriate school
17 official.

18 (d) A formal process for the documentation of reported incidents of
19 harassment, intimidation or bullying, except that no documentation shall be
20 maintained unless the harassment, intimidation or bullying has been proven.

21 (e) A formal process for the investigation by the appropriate school
22 officials of suspected incidents of harassment, intimidation or bullying.

23 (f) Disciplinary procedures for pupils who have admitted or been found
24 to have committed incidents of harassment, intimidation or bullying.

25 (g) A procedure that sets forth consequences for submitting false
26 reports of incidents of harassment, intimidation or bullying.

27 41. Prescribe and enforce policies and procedures regarding changing or
28 adopting attendance boundaries that include the following components:

29 (a) A procedure for holding public meetings to discuss attendance
30 boundary changes or adoptions that allows public comments.

31 (b) A procedure to notify the parents or guardians of the students
32 affected.

1 (c) A procedure to notify the residents of the households affected by
2 the attendance boundary changes.

3 (d) A process for placing public meeting notices and proposed maps on
4 the school district's website for public review, if the school district
5 maintains a website.

6 (e) A formal process for presenting the attendance boundaries of the
7 affected area in public meetings that allows public comments.

8 (f) A formal process for notifying the residents and parents or
9 guardians of the affected area as to the decision of the governing board on
10 the school district's website, if the school district maintains a website.

11 (g) A formal process for updating attendance boundaries on the school
12 district's website within ninety days of an adopted boundary change. The
13 school district shall send a direct link to the school district's attendance
14 boundaries website to the department of real estate.

15 (h) If the land that a school was built on was donated within the past
16 five years, a formal process to notify the entity ~~who~~ THAT donated the land
17 affected by the decision of the governing board.

18 42. IF THE STATE BOARD OF EDUCATION DETERMINES THAT THE SCHOOL DISTRICT
19 HAS COMMITTED OR ATTEMPTED TO COMMIT AN OVEREXPENDITURE AS DEFINED IN SECTION
20 15-107, PROVIDE A COPY OF THE FISCAL MANAGEMENT REPORT SUBMITTED PURSUANT TO
21 SECTION 15-107, SUBSECTION H ON ITS WEBSITE AND MAKE COPIES AVAILABLE TO THE
22 PUBLIC AT THE ADMINISTRATIVE OFFICES OF THE SCHOOL DISTRICT.

23 B. Notwithstanding subsection A, paragraphs 8, 10 and 12 of this
24 section, the county school superintendent may construct, improve and furnish
25 school buildings or purchase or sell school sites in the conduct of an
26 accommodation school.

27 C. If any school district acquires real or personal property, whether
28 by purchase, exchange, condemnation, gift or otherwise, the governing board
29 shall pay to the county treasurer any taxes on the property that were unpaid
30 as of the date of acquisition, including penalties and interest. The lien
31 for unpaid delinquent taxes, penalties and interest on property acquired by a
32 school district:

1 1. Is not abated, extinguished, discharged or merged in the title to
2 the property.

3 2. Is enforceable in the same manner as other delinquent tax liens.

4 D. The governing board may not locate a school on property that is
5 less than one-fourth mile from agricultural land regulated pursuant to
6 section 3-365, except that the owner of the agricultural land may agree to
7 comply with the buffer zone requirements of section 3-365. If the owner
8 agrees in writing to comply with the buffer zone requirements and records the
9 agreement in the office of the county recorder as a restrictive covenant
10 running with the title to the land, the school district may locate a school
11 within the affected buffer zone. The agreement may include any stipulations
12 regarding the school, including conditions for future expansion of the school
13 and changes in the operational status of the school that will result in a
14 breach of the agreement.

15 E. A school district, its governing board members, its school council
16 members and its employees are immune from civil liability for the
17 consequences of adoption and implementation of policies and procedures
18 pursuant to subsection A of this section and section 15-342. This waiver
19 does not apply if the school district, its governing board members, its
20 school council members or its employees are guilty of gross negligence or
21 intentional misconduct.

22 F. A governing board may delegate in writing to a superintendent,
23 principal or head teacher the authority to prescribe procedures that are
24 consistent with the governing board's policies.

25 G. Notwithstanding any other provision of this title, a school
26 district governing board shall not take any action that would result in an
27 immediate reduction or a reduction within three years of pupil square footage
28 that would cause the school district to fall below the minimum adequate gross
29 square footage requirements prescribed in section 15-2011, subsection C,
30 unless the governing board notifies the school facilities board established
31 by section 15-2001 of the proposed action and receives written approval from
32 the school facilities board to take the action. A reduction includes an

1 increase in administrative space that results in a reduction of pupil square
2 footage or sale of school sites or buildings, or both. A reduction includes
3 a reconfiguration of grades that results in a reduction of pupil square
4 footage of any grade level. This subsection does not apply to temporary
5 reconfiguration of grades to accommodate new school construction if the
6 temporary reconfiguration does not exceed one year. The sale of equipment
7 that results in an immediate reduction or a reduction within three years that
8 falls below the equipment requirements prescribed in section 15-2011,
9 subsection B is subject to commensurate withholding of school district
10 capital outlay revenue limit monies pursuant to the direction of the school
11 facilities board. Except as provided in section 15-342, paragraph 10,
12 proceeds from the sale of school sites, buildings or other equipment shall be
13 deposited in the school plant fund as provided in section 15-1102.

14 H. Subsections C through G of this section apply to a county board of
15 supervisors and a county school superintendent when operating and
16 administering an accommodation school.

17 I. Until the state board of education and the auditor general adopt
18 rules pursuant to section 15-213, subsection I, a school district may procure
19 construction services, including services for new school construction
20 pursuant to section 15-2041, by the construction-manager-at-risk,
21 design-build and job-order-contracting methods of project delivery as
22 provided in title 41, chapter 23, except that the rules adopted by the
23 director of the department of administration do not apply to procurements
24 pursuant to this subsection. Any procurement commenced pursuant to this
25 subsection may be completed pursuant to this subsection.

26 Sec. 7. Section 23-355, Arizona Revised Statutes, is amended effective
27 from and after June 30, 2008, to read:

28 23-355. Action by employee to recover wages; amount of recovery

29 A. EXCEPT AS PROVIDED IN SUBSECTION B OF THIS SECTION, if an employer,
30 in violation of ~~the provisions of~~ this chapter, ~~shall fail~~ FAILS to pay wages
31 due any employee, ~~such~~ THE employee may recover in a civil action against an

1 employer or former employer an amount ~~which~~ THAT is treble the amount of the
2 unpaid wages.

3 B. THIS SECTION DOES NOT AUTHORIZE A COUNTY SCHOOL SUPERINTENDENT TO
4 ISSUE A WARRANT IN VIOLATION OF SECTION 15-304 OR IN VIOLATION OF ANY OTHER
5 PROVISION OF LAW.

6 Sec. 8. Repeal

7 A. Laws 2005, chapter 274, section 2, as amended by Laws 2007, chapter
8 234, section 2, is repealed.

9 B. Laws 2005, chapter 274, section 3, as amended by Laws 2007, chapter
10 234, section 3, is repealed.

11 Sec. 9. Laws 2007, chapter 234, section 5 is amended to read:

12 Sec. 5. Errors in school district budget calculation; correction

13 A. Notwithstanding sections 15-905 and 15-915, Arizona Revised
14 Statutes, a school district that miscalculated its fiscal year 2004-2005
15 budget shall be required to correct the error over a five-year period
16 beginning in fiscal year 2007-2008 and ending in fiscal year 2011-2012 if
17 each of the following conditions exist:

18 1. The school district provides evidence to the superintendent of
19 public instruction that the school district's budget for the current year is
20 properly calculated and will not result in any overexpenditures.

21 2. The total amount of the correction from the maintenance and
22 operations fund that would otherwise be required under section 15-915,
23 Arizona Revised Statutes, is more than two hundred twenty thousand dollars
24 but less than two hundred forty thousand dollars.

25 3. The total amount of the correction from the unrestricted capital
26 outlay fund that would otherwise be required under section 15-915, Arizona
27 Revised Statutes, is more than three thousand dollars but less than five
28 thousand dollars.

29 4. The average daily membership of the school district in fiscal year
30 2004-2005 was more than eight hundred eighty but less than nine hundred
31 forty.

1 B. Notwithstanding sections 15-905 and 15-915, Arizona Revised
2 Statutes, a school district that miscalculated its budgets during fiscal year
3 2005-2006 shall correct the error over a six-year period beginning in fiscal
4 year 2007-2008 and ending in fiscal year 2012-2013 if both of the following
5 conditions exist:

6 1. The department of education erroneously doubled the amount that
7 should have been calculated pursuant to section 15-905, subsection 0, Arizona
8 Revised Statutes, and that erroneous action resulted in an overstated general
9 budget limit.

10 2. The total amount of the correction that would otherwise be required
11 under this section is more than four hundred thousand dollars but less than
12 one million two hundred thousand dollars.

13 C. Notwithstanding sections 15-905 and 15-915, Arizona Revised
14 Statutes, a school district that miscalculated its budgets during fiscal year
15 2005-2006 shall be required to correct the error over a five-year period
16 beginning in fiscal year 2007-2008 and ending in fiscal year 2011-2012 if
17 each of the following conditions exist:

18 1. The school district reported a total attending average daily
19 membership count of more than one thousand one hundred pupils and less than
20 one thousand two hundred pupils for the 2005-2006 school year in the annual
21 report of the superintendent of public instruction for fiscal year 2005-2006.

22 2. The total amount of the correction that would otherwise be required
23 under section 15-915, Arizona Revised Statutes, is more than four hundred
24 thousand dollars but less than four hundred fifty thousand dollars.

25 D. Notwithstanding sections 15-905 and 15-915, Arizona Revised
26 Statutes, a school district that overexpended its budgets during fiscal years
27 2003-2004, 2004-2005 and 2005-2006 is required to correct these
28 overexpenditures plus any overexpenditures for fiscal year 2006-2007 over a
29 ~~five-year~~ SIX-YEAR period in ~~equal~~ installments beginning in fiscal year
30 ~~2007-2008~~ 2010-2011 and ending in fiscal year ~~2011-2012~~ 2015-2016 if each of
31 the following conditions exist:

1. The total amount of the corrections for fiscal years 2003-2004, 2004-2005, ~~AND~~ 2005-2006 that would otherwise be required under section 15-915, Arizona Revised Statutes, is more than three million dollars but less than three million four hundred thousand dollars.

2. The school district did not receive state aid for equalization assistance for education during fiscal year 2005-2006 or fiscal year 2006-2007.

3. The school district's student count calculated pursuant to section 15-902, Arizona Revised Statutes, during fiscal year 2005-2006 is more than eight hundred but less than nine hundred twenty.

E. In addition to the monies required to be repaid pursuant to subsections A, B, C and D of this section, accrued interest is required to be paid at a rate determined by the superintendent of public instruction.

Sec. 10. Laws 2007, chapter 238, section 1 is amended to read:

Section 1. School district budget overexpenditures; correction;
interest

A. Notwithstanding sections 15-905 and 15-915, Arizona Revised Statutes, a school district that overexpended its budget during fiscal years 2004-2005 and 2005-2006 shall be required to correct these overexpenditures plus any overexpenditures for fiscal year 2006-2007 over a ~~five-year~~ SIX-YEAR period beginning in fiscal year ~~2007-2008~~ 2010-2011 and ending in fiscal year ~~2011-2012~~ 2015-2016 if all of the following conditions exist:

1. The school district is an elementary school district that is located in a county with a population that exceeds one million five hundred thousand persons.

2. The school district's student count for the 2006-2007 school year was more than one thousand three hundred pupils and less than one thousand eight hundred pupils.

3. The total amount of the correction that would otherwise be required under section 15-915, Arizona Revised Statutes, for fiscal year 2004-2005 is more than six thousand dollars but less than ten thousand dollars.

1 4. The total amount of the correction that would otherwise be required
2 under section 15-915, Arizona Revised Statutes, for fiscal year 2005-2006 is
3 more than seven hundred thousand dollars but less than one million one
4 hundred thousand dollars.

5 B. In addition to monies required to be repaid pursuant to subsection
6 A of this section, accrued interest is required to be paid at a rate
7 determined by the superintendent of public instruction.

8 Sec. 11. Optional incentives for school districts previously
9 placed in receivership; unification and
10 consolidation assistance

11 A. Notwithstanding sections 15-448 and 15-459, Arizona Revised
12 Statutes, a school district that was placed into receivership by the state
13 board of education before December 31, 2007 may conduct an election in May or
14 June of 2008 to submit to the qualified electors the question of unification
15 of the school district with another school district with coterminous or
16 overlapping boundaries or the question of consolidation of the school
17 district with another school district with coterminous or overlapping
18 boundaries.

19 B. A school district that was placed into receivership by the state
20 board of education before December 31, 2007 and that schedules an election to
21 be conducted in May or June of 2008 to submit to the qualified electors the
22 question of unification or consolidation of the school district with another
23 school district with coterminous or overlapping boundaries may use the
24 following optional incentives if the unification or consolidation is approved
25 by the qualified electors:

26 1. The accumulation of overexpenditures by the school district shall
27 be delayed until July 1, 2013 and the school district is required to correct
28 these overexpenditures plus any unpaid interest over a ten-year period
29 beginning in fiscal year 2013-2014 and ending in fiscal year 2023-2024.

30 2. Notwithstanding section 15-912, Arizona Revised Statutes, a school
31 district that consolidated pursuant to this section may increase the revenue
32 control limit and the district support level based on the secondary assessed

1 valuation for the first three years of operation by an amount determined as
2 follows:

3 (a) In the first year for which a budget is computed, ten per cent of
4 the revenue control limit.

5 (b) In the second year for which a budget is computed, seven per cent
6 of the revenue control limit.

7 (c) In the third year for which a budget is computed, four per cent of
8 the revenue control limit.

9 (d) A school district that budgets for consolidation assistance
10 pursuant to this section may not budget for unification assistance pursuant
11 to section 15-912.01, Arizona Revised Statutes, during the three year period
12 for which the consolidation assistance is in effect plus an additional two
13 years immediately thereafter.

14 3. Notwithstanding section 15-912.01, Arizona Revised Statutes, a
15 school district that unified pursuant to this section may increase the
16 revenue control limit and the district support level based on the secondary
17 assessed valuation for the first three years of operation by an amount
18 determined as follows:

19 (a) In the first year for which a budget is computed, ten per cent of
20 the revenue control limit.

21 (b) In the second year for which a budget is computed, seven per cent
22 of the revenue control limit.

23 (c) In the third year for which a budget is computed, four per cent of
24 the revenue control limit.

25 (d) A school district that budgets for unification assistance pursuant
26 to this section may not budget for consolidation assistance pursuant to
27 section 15-912, Arizona Revised Statutes, during the three year period for
28 which the unification assistance is in effect plus an additional two years
29 immediately thereafter.

30 4. If a common school district unifies or consolidates pursuant to
31 this section, any high school pupils that reside within the former boundaries
32 of the common school district may enroll in any school district that provides

1 instruction to high school pupils for the next four academic years after the
2 election at which the qualified electors approved the unification or
3 consolidation if the school district of attendance allows enrollment of
4 nonresident pupils.

5 Sec. 12. Emergency

6 This act is an emergency measure that is necessary to preserve the
7 public peace, health or safety and is operative immediately as provided by
8 law."

9 Amend title to conform

ANDREW M. TOBIN

2469at
01/28/2008
9:00 AM
C: tdb